

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

Department of Workforce Services
Housing and Community Development Division
Salt Lake City, Utah

MINUTES

Thursday, February 2, 2017

Members Present

Keith Heaton
David Damschen
Garth "Tooter" Ogden
Bruce Adams
Steve Farrell
Naghi Zeenati
Ron Winterton
Jim Matson
Michael McKee
Jae Potter

Chairman
State Treasurer
Six County Association of Governments
Southeastern Utah Association of Local Governments
State Board of Water Resources
State Transportation Commission
Uintah Basin Association of Governments
Five County Association of Governments
Uintah County
Carbon County

Excused Members

Gregg Galecki

Board of Water Quality

Staff and Visitors

Jonathan Hardy
Candace Powers
Gayle Gardner
Shad West
Katherine Smith
Jennifer Domenici
Brenda Brown
Kyle Slaughter
Flint Timmons
Aubrey Christensen
Susan Eisenman
Lisa Nelson
Beth Wondimu
Debi Carty
Bill Prater
Ryan Savage
Jaden Sorenson
Tom Sorensen
Karl Rasmussen
Travis LeFevre
Paul Christensen
Burke Williams
Dave Sakrison
Laurie Brammond
Kevin Yack
Ed Shaw

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Attorney General's Office
Division of Drinking Water
Division of Water Quality
Department of Workforce Services
Bond Counsel
Savage Albrecht Engineering
Centerfield City
Centerfield City
Provalue Engineering
Town of Tropic
Redmond Town
Redmond Town
City of Moab
Uintah Basin AOG
Uintah Basin AOG
Boss Engineering

Bret Reynolds
Merrial Johansen
Mike Hansen
Dallas Murray
John Christensen
Tom Kuhlmann
Arthur LeBaron
Justin Atkinson
Glenna Etzel
Joan Powell
Jesse Ralphs
Travis Kyhl
Gary Zabriskie
Daren Anderson
Michael Bryant
Marcus Keller
Jeff McCarty
Clint Taylor
Mondi Taylor
Shannon Ellsworth
Eric Johnson
Jacob Sharp
Brian Barton
David Everett
Doug Nielsen
Chad Reed
Sean Hughes
Curtis Ludvigsen
Gordon Walker

Civco Engineering
Johansen & Tuttle Engineering
Rural Community Consultants
Johnson Water Improvement District
Mayfield Town
Hurricane Valley Fire SSD
Hurricane City Engineering
Sunrise Engineering
Wellington City
Wellington City
Sunrise Engineering
Six County Association of Governments
Five County Association of Governments
CRS Engineering
Southeastern Utah Association of Local Governments
Zions Public Finance
Sunrise Engineering
Cedarview Montwell Special Service District
Cedarview Montwell Special Service District
Rural Community Consultants
Blaisdell, Church, Johnson
Castle Valley Special Service District
Jones & DeMille Engineering
Moab City
Sunrise Engineering
Flaming Gorge Transportation
Flaming Gorge Transportation
Rural Water Association

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, February 2, 2017 at the Multi-Agency State Office Building, 195 North 1950 West, Salt Lake City, Utah and was called to order at 8:30 a.m. by Chairman Keith Heaton.

ADMINISTRATIVE ITEMS

Financial Review

Candace Powers reviewed the status of the funds for today's meeting. There are ten projects for final funding consideration, two new projects for discussion, two supplemental requests and one request for special consideration.

I. WELCOME AND INTRODUCTIONS

Chairman Heaton welcomed everyone and asked Board members and staff to give introductions.

II. APPROVAL OF MINUTES

Chairman Heaton requested a motion to approve the minutes from the December 8, 2016 meeting.

Naghi Zeenati made and Ron Winterton seconded a motion to approve the minutes of the December 8, 2016 meeting. The motion carried unanimously.

III. PRIORITY PROJECTS

All projects advanced to the Priority List were reviewed in detail by the Board at previous meetings. The information below is a summary of the requests as advanced to the Priority List.

1. Moab City (Grand County)

Moab City's funding request was advanced to the Priority List as a \$727,000 loan for 20 years at 2.5% interest and a \$726,241 grant (total \$1,453,241) for developing infrastructure including roads, utilities, storm water management and street lighting from Highway 191 and Millcreek Drive for 1,952 linear feet across private property, SITLA property, and 100 feet into USU property all within the city of Moab to prepare for a higher education campus, affordable housing and commercial development.

Total Funding Request: \$1,453,241 (\$727,000 loan for 20 years at 2.5% interest and a \$726,241 grant)

David Damschen made and Naghi Zeenati seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

2. Castle Valley Special Service District (Emery County)

Castle Valley Special Services District's funding request was advanced to the Priority List as a \$1,519,000 loan for 10 years at 1.5% for street improvements in Elmo, Cleveland, Huntington, Clawson, and Emery; drainage improvements in Elmo, Huntington, Cleveland, Castle Dale, Ferron, Emery and Clawson; and to replace water and sewer lines in Orangeville.

The applicant submitted documentation requesting reconsideration of the original request to accommodate the existing general obligation bond authorized in 2009 and discussed their request at the meeting.

Original Funding Request: \$1,519,000 (\$900,000 loan for 6 years at 2.5% interest and a \$619,000 grant)

Bruce Adams made and Garth Ogden seconded a motion to fund the project as a \$900,000 loan for 6 years at 2.5% interest and a \$619,000 grant (total \$1,519,000). The motion carried unanimously.

3. San Juan Spanish Valley Special Service District (San Juan County)

San Juan Spanish Valley Special Service District's funding request was advanced to the Priority List as a \$750,000 loan for 30 years at 0% interest and a \$1,750,000 grant (total \$2,500,000) for constructing approximately 44,000 linear feet of 8-inch gravity sewer lines and 145 manholes for sewage collection, as well as 4,800 linear feet of 8-inch interceptor sewer to transfer the wastewater to the Grand Water & Sewer Service Agency (GWSSA). The wastewater will ultimately be conveyed to Moab City's new wastewater treatment system for treatment and disposal.

Total Funding Request: \$2,500,000 (\$750,000 loan for 30 years at 0% interest and a \$1,750,000 grant)

Mike McKee made and Ron Winterton seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

4. Town of Mayfield (Sanpete County)

The Town of Mayfield's funding request was advanced to the Priority List as a \$15,000 grant to update a general plan that includes housing, land-use, infrastructure and transportation elements. The applicant is contributing \$15,000 cash.

Total Funding Request: \$15,000 grant.

5. Town of Brian Head (Iron County)

The Town of Brian Head's funding request was advanced to the Priority List as a \$27,500 grant to develop a storm drain master plan that will identify problem areas, a comprehensive flow control plan, define drainage design criteria and specifications, and identify best management practices used in environmental control. The applicant is contributing \$27,500 cash.

Total Funding Request: \$27,500 grant.

6. Hurricane City (Washington County)

Hurricane City's funding request was advanced to the Priority List as a \$50,000 grant to update a transportation master plan that is centered on active transportation. The City's trails master plan will be updated and integrated into the transportation master plan. The transportation master plan will include automobile, public transit, cycling, and pedestrian travel. The applicant is contributing \$4,000 cash. Dixie MPO is providing \$50,000 cash.

Total Funding Request: \$ 50,000 grant

7. Town of Redmond (Sevier County)

The Town of Redmond's funding request was advanced to the Priority List as a \$117,500 grant for road improvements to include pulverizing, reshaping and placing untreated base on 100 West 250 North to Cemetery Road and installing 3" of hot mix asphalt (HMA) from 250 North to Cemetery Road plus grading the drainage ditch and placing 64,000 square yards of chip seal on the streets. The applicant is contributing \$117,500 cash.

Total Funding Request: \$117,500 grant.

Steve Farrell made and Jim Matson seconded a motion to fund projects #4-#7 as advanced to the Priority List. The motion carried unanimously.

8. Centerfield City (Sanpete County)

Centerfield City's funding request was advanced to the Priority List as a \$655,000 loan for 10 years at 2.5% interest and a \$655,000 grant (total \$1,310,000) for street improvements to include chip sealing 11.85 miles, and pulverizing, reshaping and double chip sealing 3.80 miles of Centerfield City streets. The applicant is contributing \$165,000 cash.

Total Funding Request: \$1,310,000 (\$655,000 loan for 10 years at 2.5% interest and a \$655,000 grant)

Garth Ogden made and Naghi Zeenati seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

9. Town of Tropic (Garfield County)

The Town of Tropic's funding request was advanced to the Priority List as a \$270,000 loan for 10 years at 2.5% and a grant for \$180,000 (total \$450,000) to improve grading and drainage on 9.3

miles of roads, resurfacing 6.75 miles of roads and adding an all-weather surface for 2.55 miles of roads. The applicant is contributing \$150,000 cash.

Total Funding Request: \$450,000 (\$270,000 loan for 10 years at 2.5% and \$180,000 grant)

Jim Matson made and Steve Farrell seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

10. Town of Laketown (Rich County)

The Town of Laketown's request was advanced to the Priority List as a \$15,000 grant to develop a study which includes a water plan that encompasses water rights, water sources, water storage, water treatment and water distribution. The study will also include a water model and impact fee analysis. The applicant is contributing \$15,000 cash.

Total Funding Request: \$15,000 grant

Steve Farrell made and Garth Ogden seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

IV. NEW PROJECTS

1. Cedarview Montwell Special Service District (Duchesne County)

Cedarview Montwell Special Service District submitted a funding request for a \$165,000 grant for obtaining rights of way for all tribal land crossings in the District to accommodate water system expansion. They have also applied to the Division of Drinking Water for an \$82,500 grant and an \$82,500 loan (total project cost \$330,000).

The applicant stated that this project includes obtaining approval from the Bureau of Indian Affairs for rights of way across tribal lands (Yellow Book Appraisals) to accommodate water system expansion. The expansion would serve most of the area north and west of Roosevelt and surrounding the Neola Water and Sewer Improvement District with 100 new connections in the next few years and 400 future connections. The applicant indicated that there is currently a working relationship.

The Board asked about the status of the Division of Drinking Water's funding.

The applicant has approached the Division of Drinking Water for a lower interest rate which will be discussed for approval in March.

The Board asked if the rights of way would be permanent.

The applicant indicated that the easements are expected to be permanent. There is language in law indicating that for a public utility it is for 50 years with a conditional, automatic renewal. The applicant also stated that the intent is to move forward as quickly as possible with phases of the project.

The Board discussed the funding and included the contingency of the Division of Drinking Water funding.

Bruce Adams made and Mike McKee seconded a motion to fund the project with a \$165,000 grant contingent on approval of funding from the Division of Drinking Water. The motion carried unanimously.

2. Johnson Water Improvement District (Duchesne County)

Johnson Water Improvement District submitted a funding request for a \$281,490 grant for water system improvements along Highway 40 from 6250 South to Poleline Road as part of a UDOT paving project to include 8" waterlines, drainage, 5 gate valves, 8 fire hydrants, pressure relief valves (PRV) at 4000 West and Mortenson Lane, fencing, driveway pavement repair and surface restoration. The applicant is contributing a \$281,490 cash match.

The applicant stated this is a joint activity with a Utah Department of Transportation project widening approximately 5 miles of the highway from 6250 South to Poleline Road in conjunction with the UDOT highway project at a significant cost savings to the District. They will be reducing 14" lines to 12" lines and upgrading 6" lines to 8" lines to help with fire flow. There is also a section independent of the UDOT project which the applicant will accommodate.

The Board asked the applicant if they would consider a loan, keeping their cash match to facilitate loan payments.

The applicant indicated they would prefer not to take additional debt as they are committed to paying off all existing loans.

The Board acknowledged the high percentage of MAGI.

Mike McKee made and Bruce Adams seconded a motion to fund this project as a \$281,490 grant. The motion carried with David Damschen opposed.

V. Supplemental Requests

1. Wellington City (Carbon County)

On February 5, 2015 Wellington City received a \$151,000 grant to restore the 50' tall 41' diameter 500,000 gallon Wellington City water tank to include applying 9,080 square feet of interior coating, 7,760 square feet of exterior coating and installing an electronic SCADA system to read the water capacity in the tank.

The applicant indicated that as the project commenced, there were several issues and after some expense, the contractor was removed from the project. The remaining project funding is \$73,000.

Subsequently, on February 2, 2017 Wellington City presented a request for a supplemental \$88,000 grant to accommodate the completion of restoring the 50' tall 41' diameter 500,000 gallon Wellington City water tank to include applying 9,080 square feet of interior coating and 7,760 square feet of exterior coating and installing an electronic SCADA system to read the water capacity in the tank and structural improvements to the roof.

The applicant indicated that the tank has been offline which is a concern for fire suppression. There was an inspection by Corrosion Control Technologies indicating that in addition to the corroded rafter ends, the needs include stabilization, bracing and larger roof vents.

The applicant indicated that their water and sewer lines are also in poor condition but the City will pursue the water tank repairs and consider the water and sewer lines at a later date.

The Board asked if they had implemented a maintenance fund.

The applicant indicated they have established a sewer maintenance fund and are working on a maintenance fund for water.

Total Supplemental Funding Request: \$88,000 grant

Jae Potter made and David Damschen seconded a motion to fund the Wellington City supplemental request. The motion carried unanimously.

2. Washington County Municipal Building Authority (Washington County)

On February 4, 2016 Hurricane Valley Fire Special Service District (Washington County MBA) received a \$1,000,000 loan for 30 years at 2.5% interest and a \$500,000 grant (total \$1,500,000) to construct a 9,100 square foot fire station at State Road 9 and Coral Canyon Boulevard to service Hurricane and Washington Cities. The applicant is contributing \$10,000 to the project.

The applicant presented a request for a supplemental loan of \$638,000 for 30 years at 2.5% interest. The applicant stated they had completed a competitive bid on the Coral Canyon fire station on behalf of the Washington County Municipal Building Authority. The bids received in August 2016 were significantly over the architect's estimate ranging from 57% to 100% over the 2006 actual construction costs. The bids exceeded the available funds to move forward with construction.

Total Supplemental Funding Request: \$638,000 loan for 30 years at 2.5% interest

Naghi Zeenati made and Steve Ferrell seconded a motion to fund supplemental request. The motion carried unanimously.

VI. Request for Special Consideration

Chairman Heaton recused himself as the Chairman for this discussion. Treasurer David Damschen was the Chairman for this discussion.

Chairman Damschen requested a motion to hear the Request for Special Consideration.

Steve Farrell made and Naghi Zeenati seconded a motion to hear the Request for Special Consideration. The motion carried unanimously.

1. Housing & Community Development Division – Rural Planning Group Funding

The Housing and Community Development Division presented a funding request for the Rural Planning Group as a 3-year \$1,500,000 grant to continue its role in providing planning leadership, data, technical assistance, tools, and analysis to rural leaders and state agencies. Between 2017 and 2019, RPG will continue to develop information and guides that provide leaders with guidance on key management issues. These three-year production goals reflect a focus on providing rural leaders with the necessary tools and information to become self-reliant, self-determined, and prepared for the future while fulfilling RPGs statutory responsibility per HCD statute.

The applicant indicated that the Rural Planning Group was created as a building block presented before the legislature. It is funded under dedicated credits approved by the legislature and has performance measures attached to it. The RPG accomplishes part of the HCD legislative mandates as a Division.

Utah Code 35A-8-202:

The Division shall cooperate with and provide technical assistance to Counties, Cities, Towns, regional planning commissions, area wide clearing houses, zoning commissions, arts and recreations boards, community development groups, community action agencies and other agencies created for the purpose of aiding and encouraging an orderly, productive, and coordinated development of the state and its political subdivisions; assist the governor in coordinating the activities of state agencies which have an impact on the solution of community development problems and the implementation of community plans; serve as a clearinghouse for information, data, and other materials which may be helpful to local governments in discharging their responsibilities and provide information on available federal and state financial and technical assistance; carry out continuing studies and analyses of the problems faced by communities within the state and develop such recommendations for administrative or legislative action as appear necessary...

The Board stated that under federal and state law, the first item stated for use of mineral lease money is planning; planning, infrastructure, community services and a provision of community services. The Board acknowledged a concern about RPG in regard to private sector efforts.

The applicant noted the private sector concern and stated that the RPG does not write plans for communities. The RPG can assist a community to know how to proceed forward utilizing the private sector.

The Board cited the importance of planning referring to the multi-year funding provided for the Regional Planning Program (RPP) as assistance through the State AOG's. It was noted that planning grant requests have not decreased since the RPG has been in place.

Steve Farrell made and Naghi Zeenati seconded a motion to suspend the rules and fund the project as presented.

The Chairman acknowledged the motion and offered to receive public comment prior to a vote.

Mr. Mike Hansen of Rural Community Consultants stated he was formerly with the Rural Planning Group and expressed concerns about the RPG. He acknowledged that rural communities need help but stated that being with the government limited the effectiveness. He feels that CIB is investing twice to solve the same problem.

Mr. Marcus Keller of Zions Bank Public Finance stated that the private sector is willing to assist rural communities but that a free option hinders the private sector. He feels that the amount the Board provides for the RPG program could fund firms in the private sector in support of rural communities. He indicated that he is careful so as not to affect the relationship in which there is coordination, but added his concerns.

Mr. Hansen indicated that he is the planner with the Mayfield planning project which was funded through a \$15,000 grant at this meeting. Mayfield is a town without a gas station and a stop sign and they came up with (the required 50% match) fifteen thousand dollars because they know they need a plan.

Mr. Keller added that the Board is investing a lot of money in the RPG and suggested that communities could be referred to the private sector for a competitive bid, and that CIB utilize the money for those community requests.

The Chairman indicated that a pool type procurement of vetted planning firms could be compiled and provided with the recommendation of a competitive bid process. This would set the bar in terms of professional level, experience, competence and service.

The Board pointed out that there are public road departments to provide county road services; generally maintenance, which saves money and there is a public interest in having the county road department. But large projects are bid out to the private sector. This planning issue is both a public and private enterprise with a role for both. The Board is sensitive to the private sector and wants to make certain not to overreach.

The applicant indicated that the RPG is providing a monthly update to the Board on their activities and they are always looking to refine the process to make sure to meet the needs.

The Chairman called the question.

Steve Ferrell made and Naghi Zeenati seconded a motion to suspend the rules and fund the Rural Planning Group as requested. The motion carried with Bruce Adams opposed.

Chairman David Damschen expressed appreciation and respect to staff and public servants. Chairman Heaton resumed chairing the meeting.

VII. Board Member Discussion

1. Flaming Gorge Road and Transportation Special Service District

On June 9, 2016 Flaming Gorge Transportation SSD received funding assistance of a \$1,700,000 loan for 5 years at 2.5% interest and a \$380,000 grant (total \$2,080,000) for the reconstruction, widening and paving of nine miles of Brown's Park Road to include excavating 2860 cubic yards, 253,440 square yards of double chip seal and 406 tons of asphalt.

The applicant is requesting a change of the loan term to 15 years.

The applicant stated that while working through their loan process with their bond attorney, Eric Johnson, they determined that the five year loan term will not work. Based on their mineral lease allocations, their annual debt for existing loans and the annual loan repayment amount with current loan terms they are unable to move forward with the loan.

The applicant requested the Board extend the loan term to 15 years.

Chairman Keith Heath requested a motion to extend the loan term to 15 years at 2.5% interest.

Bruce Adams made and Mike McKee seconded a motion extending the loan term to 15 years at 2.5% interest. The motion carried unanimously.

2. Permanent Community Impact Fund Board 2017 Policy Retreat

The 2017 Policy Retreat is scheduled for June 1-2, 2017 and will be held in Duchesne County.

ADJOURNMENT

The March 2 and May 4, 2017 Permanent Community Impact Fund Board meetings have been canceled.

The next scheduled meeting of the Permanent Community Impact Fund Board will be on Thursday, April 6, 2017 starting at 8:30 a.m. at the Multi-Agency State Office Building, 195 North 1950 West, Salt Lake City, Utah.

The meeting adjourned at 10:17 a.m.

Submitted by:

Jennifer Domenici